



Recommended Budget Fiscal Year 2021-2022

David Bone, County Manager



FY 2021-22 Manager's Recommended Budget



- Recommended fiscal year 2021-2022 budget for Davie County in the amount of \$89,926,276 of which General Fund makes up \$71,026,091.
- Property tax rate of \$0.733 per \$100 of valuation = 1/2 cent reduction.
- Revenue neutral tax rate for FY2021-22 is calculated at \$0.7058.
- Value of a penny of property value equates to approximately \$515,000.

General Fund Calculation of Revenue-Neutral Tax Rate



		Value	Tax Rate	Tax Levy
STEP 1	FY 2020-21 Values	\$4,864,250,873	\$0.7380	\$35,898,171
	Estimated assessed valuation		<i>new rate to generate same \$</i>	
	FY 2021-22 New Values	\$5,197,751,710	\$0.6906	\$35,898,171
	Estimated assessed valuation			
STEP 2	Increase rate by average annual growth since last general revaluation			
	Average regular annual growth		2.19%	
	REVENUE-NEUTRAL TAX RATE for FY 2021-22		\$0.7058	\$36,684,341
3	Increase in tax levy over estimated actual final levy for FY 2020-21			\$786,170
			\$0.0322	

FY 2021-22 Manager's Recommended Budget



- We have maintained a \$0.04 countywide fire tax; while Advance Rural Fire District also maintained the same rate as current year.
- The General Fund contributes an additional \$0.02048 to Fire & Rescue services.
- Additional Fire & Rescue funds of \$903,000 to be distributed at Commissioners' discretion.
- The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act, with Fund Balance Appropriated at \$3,708,231.

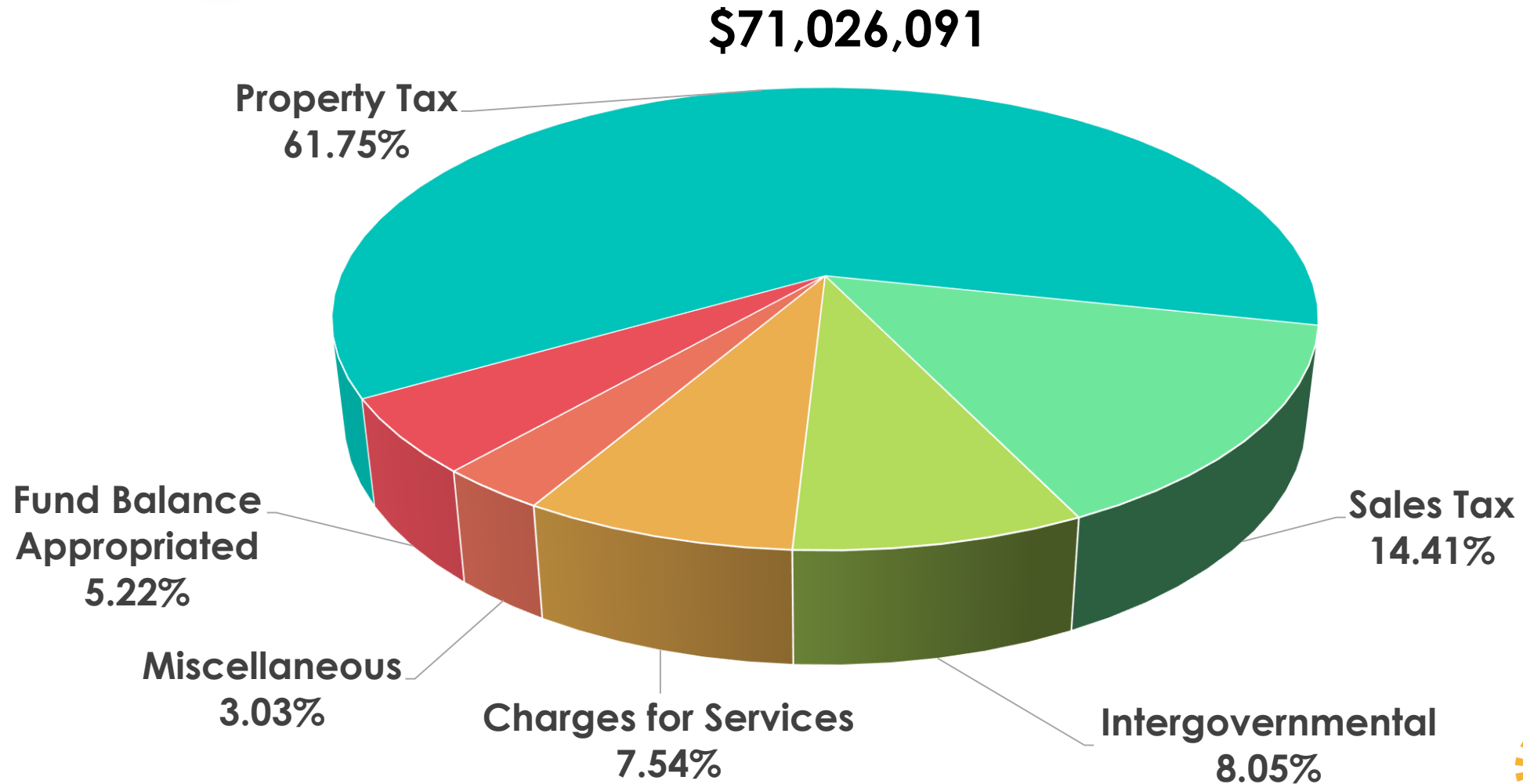


FY 2021-22

Manager's Recommended Budget by Funds

Fund	FY 2022 Manager Recommended
General Fund	\$71,026,091
Capital Improvement Plan – General Fund	\$3,608,920
Advance Rural Fire Protection District Fund	\$452,493
Environmental Protection Fund	\$483,000
Public Utilities Fund	\$8,458,365
E-911 Fund	\$279,766
Employee Health Fund	\$5,617,641
Total FY2021-2022 Recommended Budget	\$89,926,276

FY 2021-22 General Fund Revenue



FY 2021-22

General Fund Expenditures by Focus Area



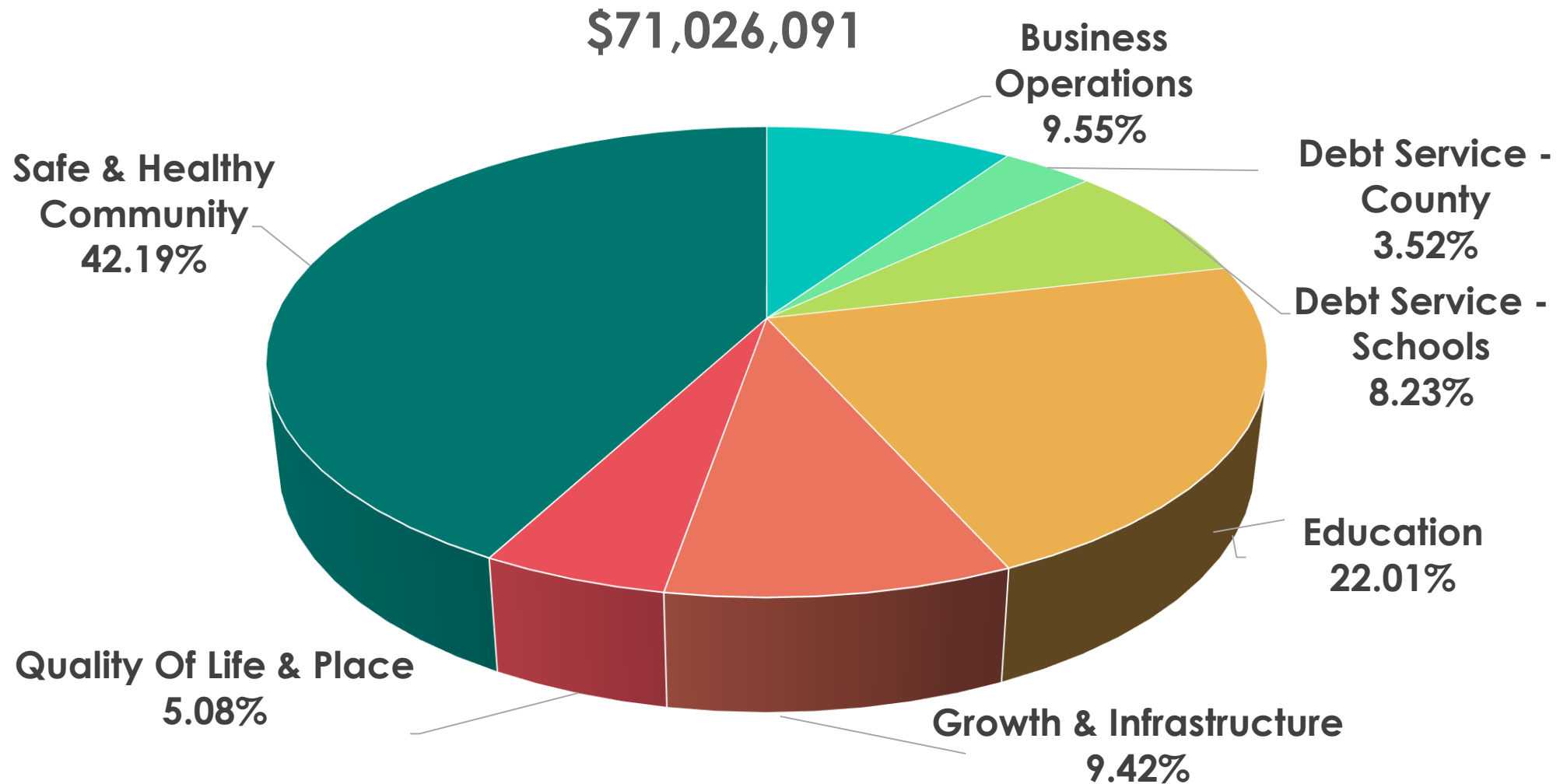
Focus Area	FY 2021 Original Budget	FY 2022 Manager Recommended	Variance*
Education	14,734,714	15,634,374	(a)
Business Operations	5,672,865	6,783,285	(b)
Debt Service	8,460,702	8,344,437	(c)
Growth & Infrastructure	6,154,139	6,690,850	(d)
Quality Of Life & Place	3,366,874	3,606,023	(e)
Safe & Healthy Community	<u>27,960,134</u>	<u>29,967,122</u>	<u>(f)</u>
	66,349,428	71,026,091	

*COLA and Retirement increases throughout; (a) Sales and Property Tax increase; (b) Group Health & Salary Study increases; (c) Structure of debt payments; (d) County building/facilities maintenance; (e) Recreation & Parks; (f) Fire/Rescue increases, Expand Convalescent Care; Replace one ambulance



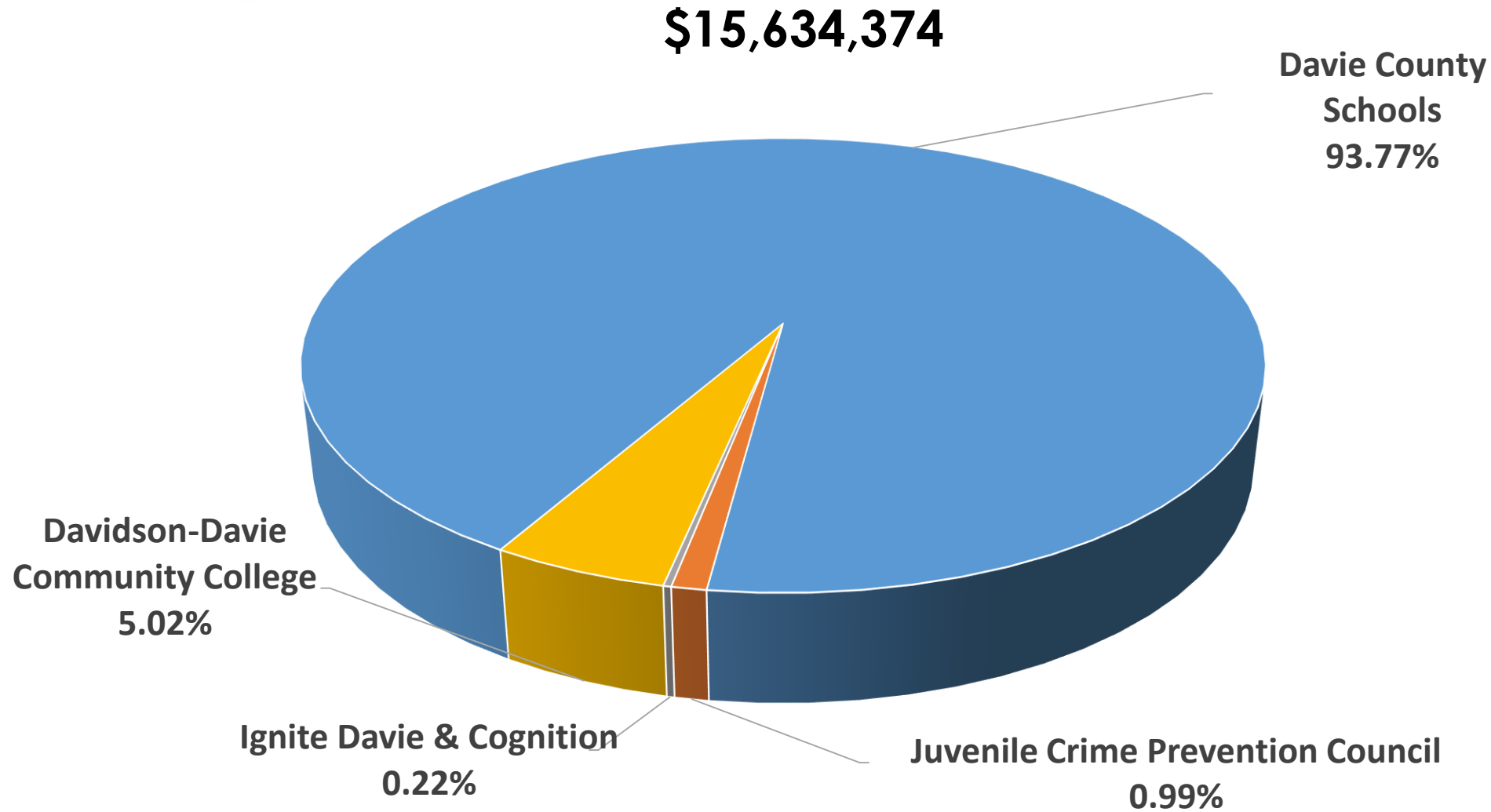
FY 2021-22

General Fund Expenditures by Focus Area



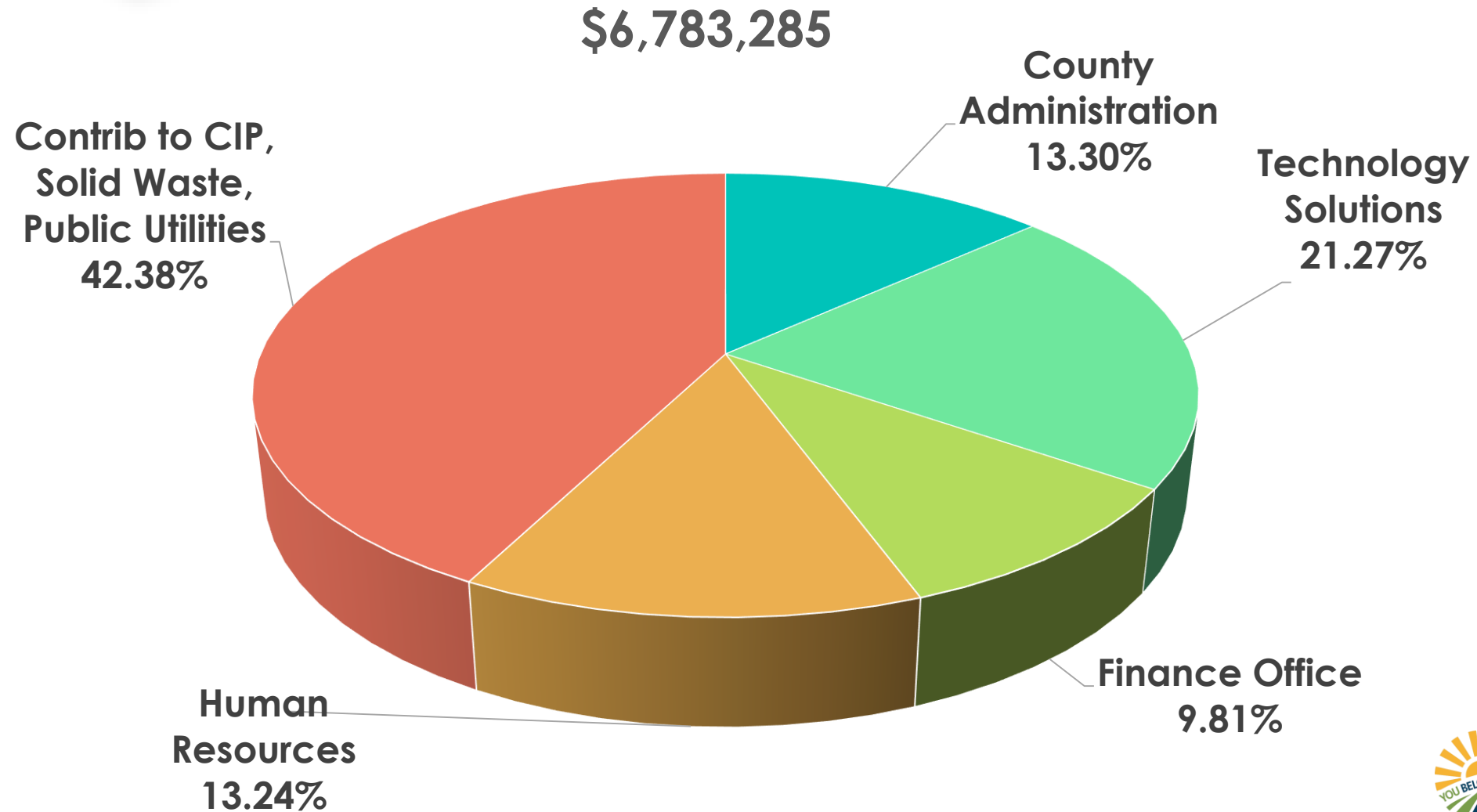
FY 2021-22

General Fund - Education



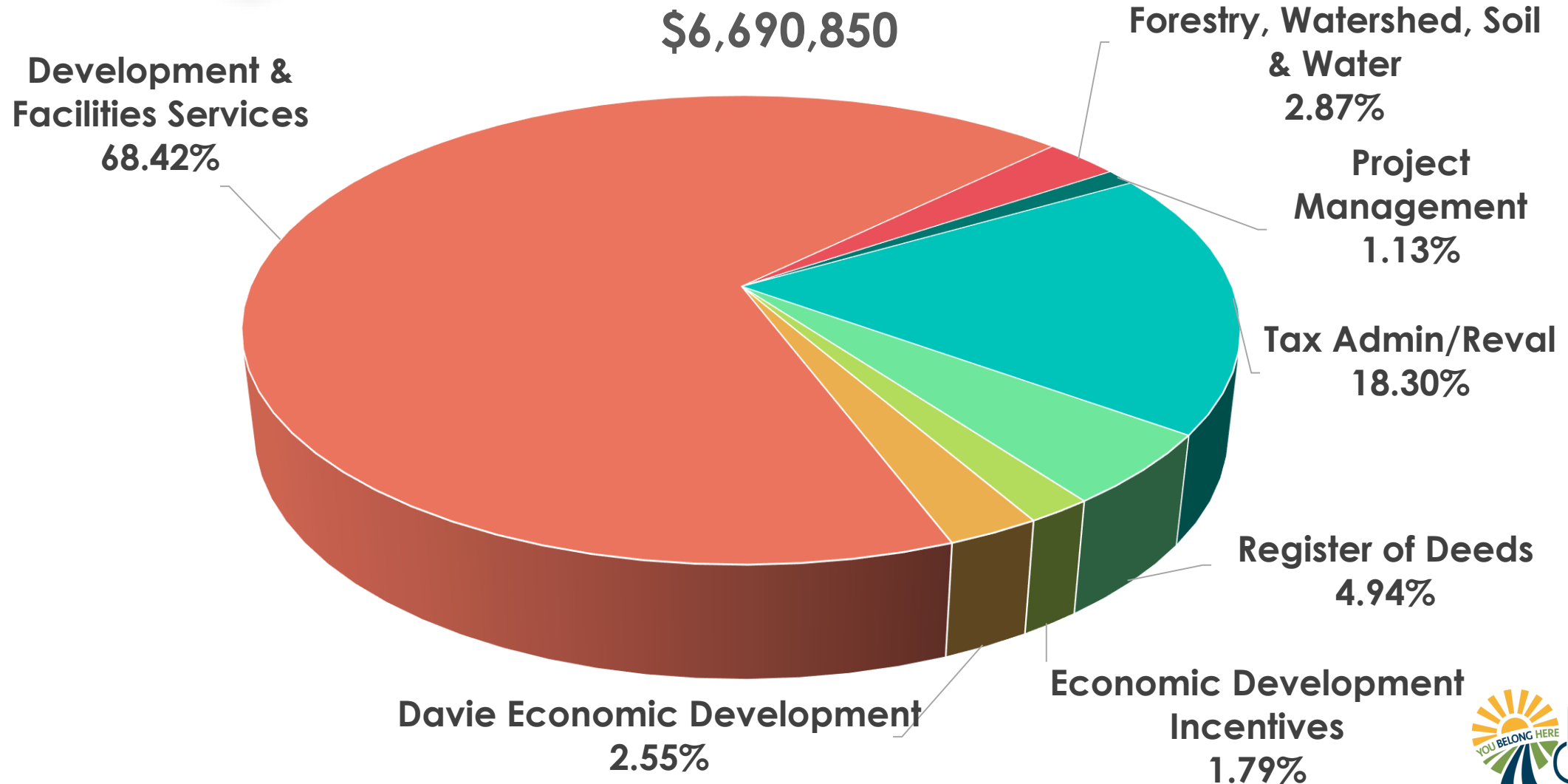
FY 2021-22

General Fund - Business Operations



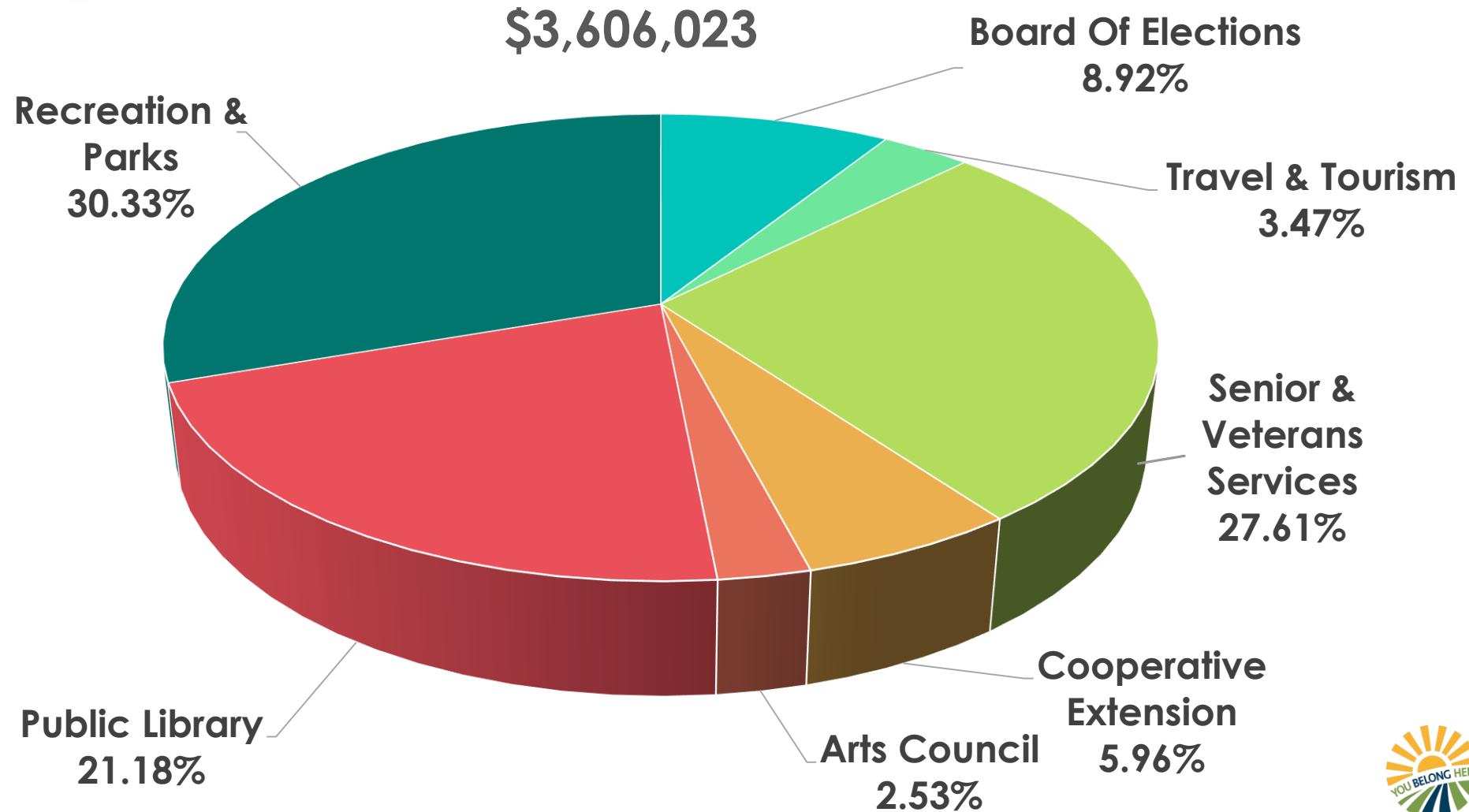
FY 2021-22

General Fund - Growth & Infrastructure



FY 2021-22

General Fund - Quality of Life & Place

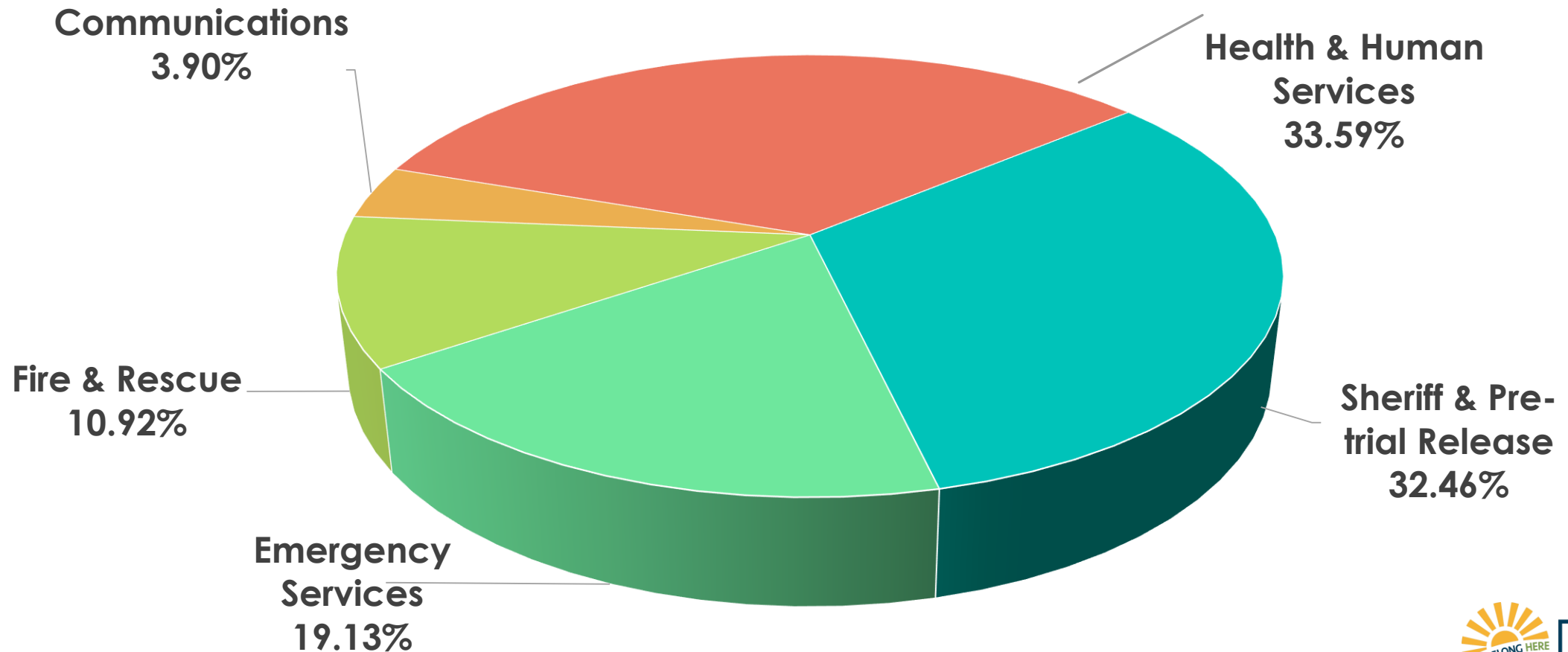


FY 2021-22

General Fund - Safe & Healthy Community

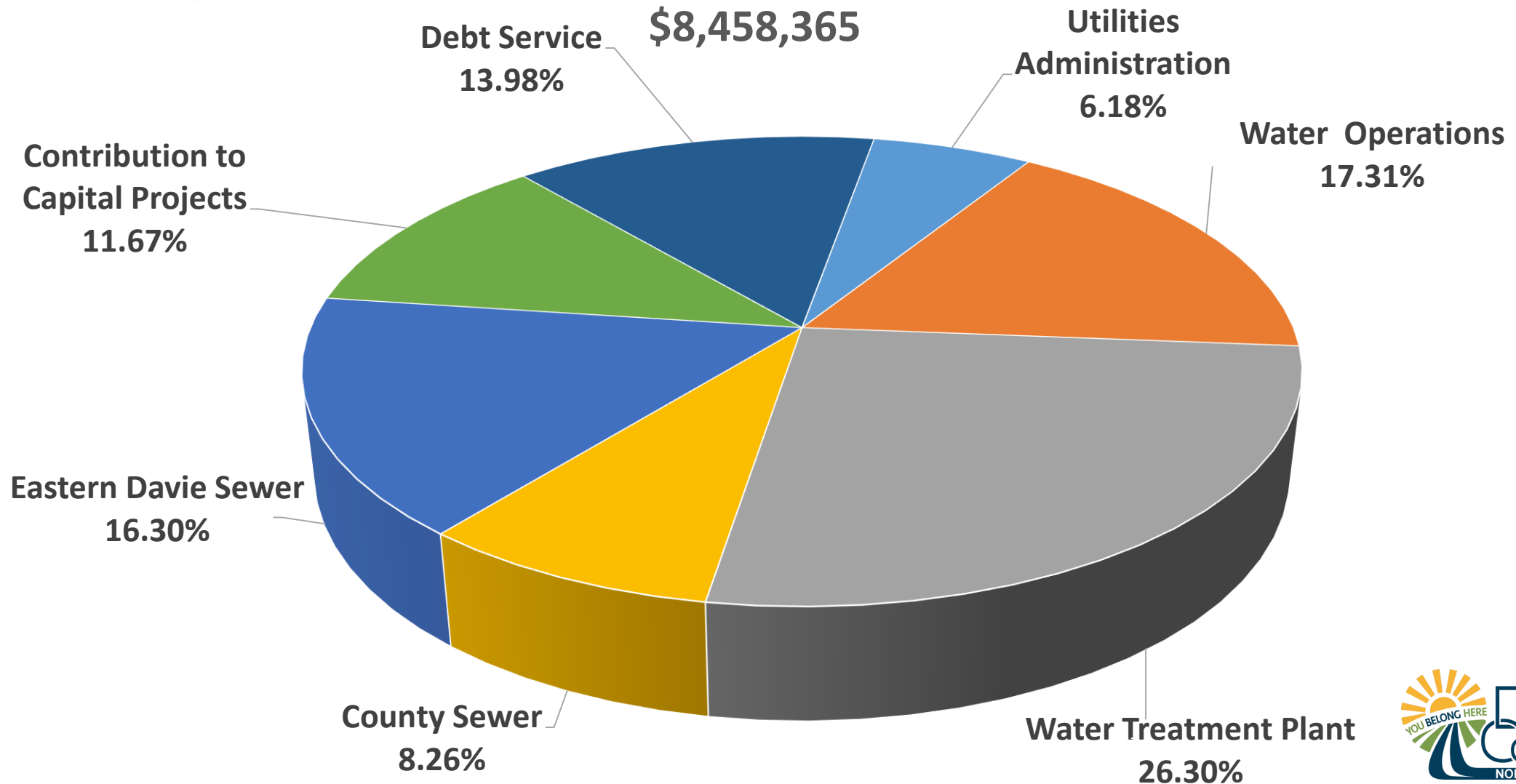


\$29,967,122



FY 2021-22

Public Utilities - Growth & Infrastructure



Implement Capital Improvement Plan – General Fund



Project	2021-2022	Funding Source
1. Detention Center - design	1,600,000	Debt Financing
2. Davidson-Davie Community College	1,000,000	General Fund
3. Viper/Radio	753,920	General Fund
4. Space Study Implementation	<u>255,000</u>	General Fund
Total CIP – General Fund	3,608,920	

Implement Capital Improvement Plan – Public Utilities



Project	2021-2022	Funding Source
1. Cooleemee Water Treatment Expansion	38,800,000	State Revolving Fund loan; State Reserve Project grant; EDA grant; Revenue Bonds
2. New Water & Sewer Extensions	400,000	Public Utilities Fund
3. Repair & Replace PP&V	312,000	Public Utilities Fund
4. Sparks Road – Room Repair	150,000	Public Utilities Fund
5. SCADA Upgrade	<u>125,000</u>	Public Utilities Fund
Total CIP – Public Utilities Fund	39,787,000	

FY 2021-22 Manager's Recommended Budget Employee Compensation



- To remain competitive as a preferred employer, full-time and regular part-time employees are eligible to receive a 2% increase.
- 1% will occur on July 4, 2021 for those who are not experiencing any performance issues or are not serving in a probationary status.
- Employees who meet performance goals on the county-wide performance appraisal can be eligible to receive up to an additional 1% salary merit increase on their anniversary date, at the discretion of department director.
- The County will continue a multi-year market rate study cycle to ensure that staff salaries are competitive in our region.

FY 2021-22 Manager's Recommended Budget

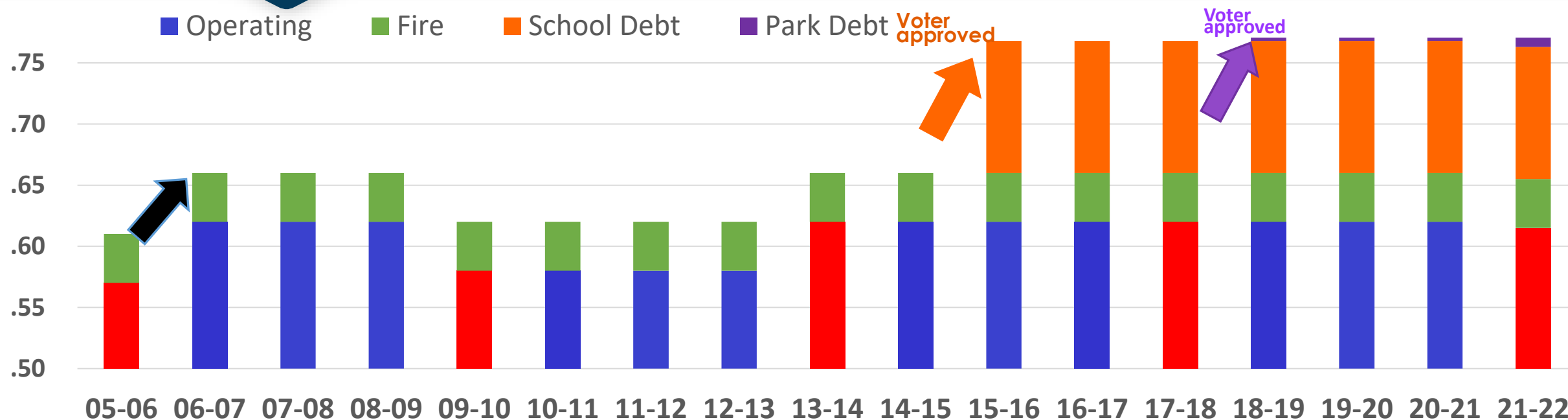
Employee Benefits



- Retirement contribution rate for the County portion increases (no increase in employee portion) according to the NC Local Governmental Employee's Retirement System regulations.
- Group Health Insurance rates will increase 8% for both County and for employees who subscribe for child(ren), spouse, or family coverage. This is the first increase in premiums for employees since FY 2015-2016.
- To reduce Health Care Claims, we will continue the Health Risk Assessment (HRA) for full time employees and their spouses on the County's Health Insurance plan. A Wellness Incentive for employees and their spouses on the Health plan will be paid out once a year as a bonus for those that complete the HRA and maintain healthy ranges. Consequently, employees and covered spouses who fail to complete the HRA or who continue to show poor results will be charged a cost / penalty on their insurance premiums.



Property Tax Rate History



No operational increases in revenue since FY 06-07 while pressures increase

Five (5) cent increase – Debt service (1), Fire (1), Schools current expense (1.5); EMS #3 (1.5)

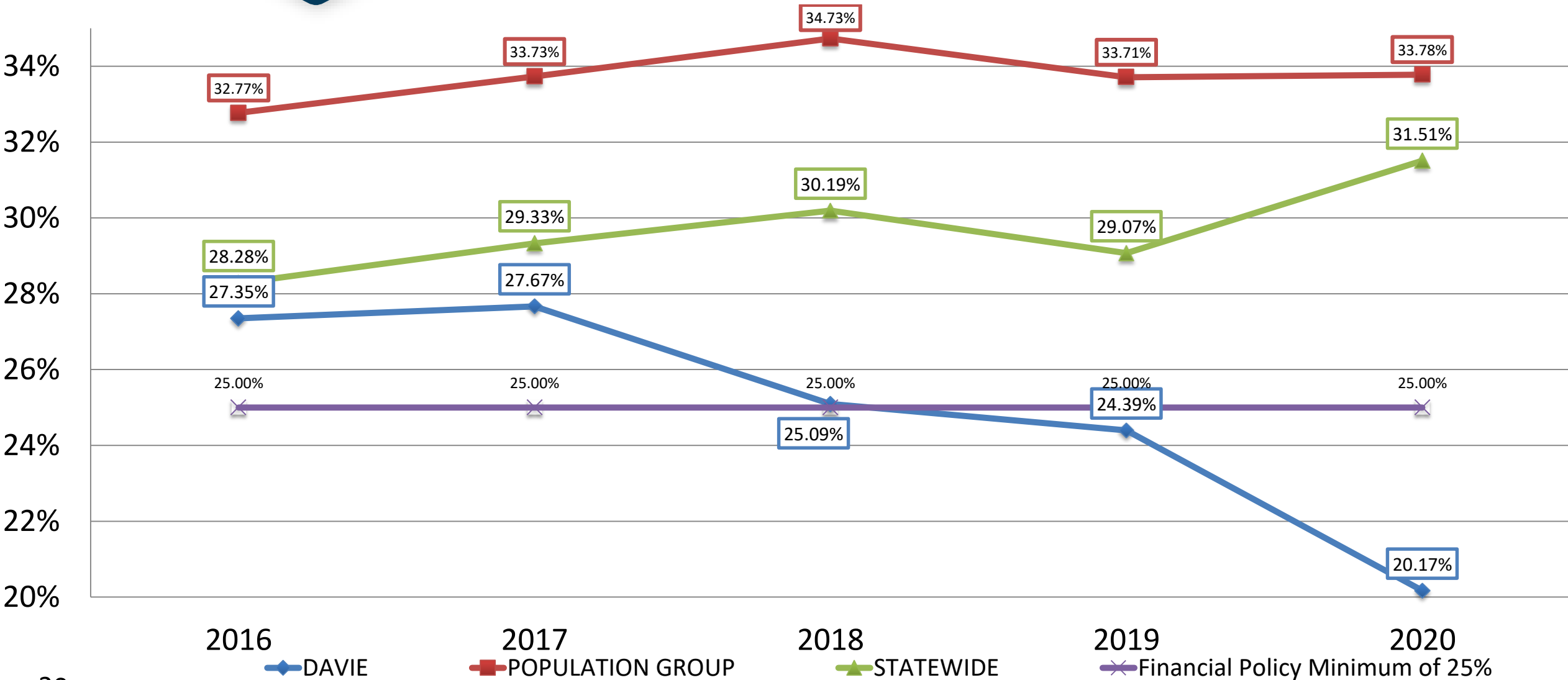
Revaluation Years (FY 05-06, FY 09-10, FY 13-14, FY 17-18, FY 21-22)

Tax changes in Revaluation years are due to adjustments to Revenue Neutral Rate

New Davie High School Debt increase 10.8 (FY 15-16) Approved by Davie Voters in 2014

Park Debt Increase 1.0 (FY 18-19) Approved by Davie Voters in 2014

Fund Balance Percentage History



General Fund - Fiscal Policies



The County will:

Use one-time or other special revenues for funding special projects, not continuing operations.

Maintain a targeted Available Fund Balance at the close of each fiscal year equal to 25% of the General Fund Expenditures. Commissioners may appropriate funds that would reduce the Available Fund Balance below the 25% threshold during declared fiscal emergencies or to protect the long-term fiscal security of the County. **In such circumstances, the Commissioners will adopt a plan to restore the Available Fund Balance to or above the threshold within 36 months from the date of the appropriation.** (FY 2019-2020 = 20.17%).

Develop a Capital Improvement Plan; review and update (latest update to be adopted June 2021).

Fund Balance Restoration Plan



- Manager's Recommended Budget for Fiscal Year 2021-2022 includes
 - Conservative appropriations
 - Conservative estimated revenues
 - Appropriated Fund Balance amount that is \$1.2M lower than the previous fiscal year
- During Fiscal Year 2021-2022, budget amendments will be presented for revenues that exceed previous estimates to fund balance appropriated, instead of making further appropriations

General Fund - Fiscal Policies



The County will:

Use a balanced approach to capital funding utilizing debt financing, draws on capital reserve and current year (pay as you go) appropriations.

Confine long term borrowing to capital improvement or projects that cannot be paid from current revenues or fund balance except where approved justification is provided.

Structure debt so that minimum total payout ratio of all debt will be 55% over a 10 year period.

Net debt service expenditures/total General Fund expenditures shall not exceed 15%. This ratio will potentially be exceeded for six years, beginning FY 2023-2024 when we finance the Detention Center.

Develop a Five Year Financial Forecast.



Utility Fund - Fiscal Policies



The County will:

Maintain a minimum Debt Service Coverage Ratio of 1.50x

Maintain a minimum Days Cash on Hand of 365 Days

Formalize a projection of revenues, expenditures, capital investments, and reserve requirements

Develop a Five Year Financial Forecast

Utility Fund - Fiscal Policies



The County will:

Incorporate annual rate increases, as necessary, to comply with adopted financial policies and budgetary requirements with a goal of limiting any increases to a maximum of 3.0%, if possible

Adopt on an annual basis the CIP and Financial and Rate Forecast. (CIP and Financial/Rate Forecast was adopted on September 8, 2020)

Adopt and Implement a System Development Fee strategy to fund continued growth of system

Public Utilities – Proposed Fee Schedule



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<u>Water</u>						
Bi-monthly Base Charge (includes 3 kgal)	\$ 27.80	\$ 29.20	\$ 30.60	\$ 31.30	\$ 32.10	\$ 32.90
> 3,000 gallons	\$ 5.35	\$ 5.60	\$ 5.87	\$ 6.00	\$ 6.13	\$ 6.27
		4.75%	4.75%	2.25%	2.25%	2.25%
<u>Irrigation</u>						
Bi-monthly Base Charge (includes 3 kgal)	\$ 27.80	\$ 29.20	\$ 30.60	\$ 31.30	\$ 32.10	\$ 32.90
> 3,000 gallons	\$ 6.95	\$ 7.28	\$ 7.63	\$ 7.80	\$ 7.99	\$ 8.17
		4.75%	4.8%	2.23%	2.44%	2.25%
<u>All Other Sewer</u>						
Bi-monthly Base Charge (includes 3 kgal)	\$ 25.65	\$ 26.30	\$ 26.90	\$ 27.60	\$ 28.30	\$ 29.00
> 3,000 gallons	\$ 4.25	\$ 4.35	\$ 4.45	\$ 4.55	\$ 4.65	\$ 4.75
		2.28%	2.25%	2.25%	2.25%	2.25%
<u>East Davie Sewer</u>						
Bi-monthly Base Charge (includes 3 kgal)	\$ 35.95	\$ 37.40	\$ 38.90	\$ 40.50	\$ 42.20	\$ 43.90
> 3,000 gallons	\$ 12.35	\$ 12.90	\$ 13.50	\$ 14.10	\$ 14.70	\$ 15.30
		4.44%	4.65%	4.44%	4.26%	4.08%

Other Noteworthy Items



- Supporting 357 Full Time and 107 Part Time/Hourly staff to provide superior services to our citizens;
- Revised Fee Schedules;
- Canine Privilege Tax will be rescinded on tax bills beginning in 2021;
- Mileage reimbursement rate of \$0.45 per mile;
- Interlocal Agreements with towns included;
- Expanded Convalescent Care Ambulance service;
- Incentives for business recruitment, growth, and retention for economic development;

Other Noteworthy Items



- Continuation of the Five Focus Areas as outlined in the Board of Commissioners' Strategic Plan and Performance Based Budget;
- Continued investments in needed infrastructure and technology as prioritized in our capital improvement plan and operational budget;
- Continued implementation of the County Building Staging plan based on the Facility Space Need Study;
- Continued implementation of our Davie County Comprehensive Plan, and construction of regional water expansion facility, to align and complement our County Strategic Plan;

Other Noteworthy Items



- Continued investment in education for Davie County children through the Interlocal Agreement (eighth consecutive year of current expense increase to Davie County Schools);
- Continued investment in secondary education for Davie County citizens through increased contribution to Davidson-Davie Community College;
- Alignment with Davie Economic Development Commission's Strategic Plan (Workforce Development through Ignite Davie Promise /Davie Works, Cognition Museum, economic development incentives, and next gen leadership);

Other Noteworthy Items



- Improving our Safe and Healthy Community with enhanced access to health services through expanded Convalescent Care transportation, Community para-medicine, and partnership with a Federally Qualified Health Center;
- YVEDDI Transportation Services to residents (and supporting the Mocksville Circulator Route);
- Increased Fire Department/Rescue funding, fire ordinance completion, Fire Works reporting software for all departments that interfaces with new computer aided dispatch (CAD) system, and mobile radio updates for fire and rescue departmental radios purchased by County in 2016;

Other Noteworthy Items



- Investment in our environment through Cooperative Extension, NC Forest Service, Davie Soil and Water Conservation and Davie County Watershed Improvement Commission;
- Continued investment in Senior and Veteran services/programs and expansion of Senior Center programming at the Brock gymnasium;
- Funding for cultural, arts and tourism partner agencies;
- Operational increases to support New County Park and partnership with Twin City Soccer for field turf;
- Contribution to Lake Louise Park for maintenance;
- Increased funding for community recreation centers will be reviewed and allocated by the Recreation and Parks Advisory Board.



Future Concerns



- Increase need for Teacher Supplements
- School Capital Needs
- Interlocal Agreement for Schools will expire 6/30/2022
- Detention Center construction
- Health Care Premium risk
- Continued Retirement contribution increases
- Fire & Rescue capital needs
- Economic Development Commission – replenish seed funds
- Increased market wage pressures



Recommended Budget Fiscal Year 2021-2022

David Bone, County Manager

